

## Exhibits E-1 through E-14

### Kinds of Housing Assistance Provided

Over FY 2001-2002, agencies assisted 19,422 households, approximately 6 percent less than the number of households (20,686) reported the previous year. Agencies report their housing activities among 14 categories (refer to Schedule D's at Appendix B). Data reported pursuant to statutory requirements of Section 33080.4(a) includes: (1) the name of the reported project and/or activity, (2) whether the agency or entities or persons other than the agency was responsible for providing the assistance, (3) whether a renter or owner was assisted, and (4) whether assistance was provided to an elderly or non-elderly household. Note, in many exhibits (below each count representing the statewide "Total,") an "Ineligible" count is shown. The term "Ineligible" refers to households who were eligible at the time of assistance but subsequently had a change in circumstances (e.g. income and/or family size) to prevent the household from qualifying for the same assistance.

#### Housing Assistance Meeting the Inclusionary and/or Production Requirement (Section 33413(b))

Section 33413(b) is commonly called the inclusionary or production requirement that is applicable to specific housing construction and rehabilitation completed in project areas created or expanded after 1975. The terms "inclusionary" or "production" refer to the requirement for agencies, within ten years, to ensure (*meaning include or produce*) additional units as affordable over the duration of the project area plan which can span more than 30 years. This requirement applies to all new residential construction, substantially rehabilitated multi family units, and agency assisted substantially rehabilitated single-family units. Agencies fulfill this requirement by assisting in the production of new or substantially rehabilitated affordable units within project areas. Agencies are allowed to fulfill their inclusionary housing obligations outside of project areas provided they meet the "2 for 1" provision that requires twice as many units to be produced outside as were required inside of project areas. Also, agencies have the option to meet up to 50 percent of their affordable housing inclusionary or production obligations by acquiring covenants (rental affordability restrictions for at least 55 years) on multi-family units providing that at least half of the covenants assist very-low income households.

Units reported in Exhibits E-1 through E-4 consist of those in which agencies control long-term affordability restrictions to meet prior inclusionary and/or replacement housing obligations. For Fiscal Year 2001-2002, agencies reported 4,908 units as a credit toward meeting part of their inclusionary obligations accrued over ten year intervals. These units consist of: New Construction (2,760 at Exhibit E-1), Rehabilitation-Pre 1994 (524 at Exhibit E-2), Substantial Rehabilitation-Post 1993 (963 at Exhibit E-3), and Acquisition of Covenants (661 at Exhibit E-4). Assembly Bill 1290 (Isenberg, Statutes of 1993) defined "substantial" as occurring when the "after rehabilitation" increase in value, including land, exceeds 25 percent

The inclusionary requirement is 30 percent for agency developed units and 15 percent for non-agency developed units in a project area. A further requirement is that 50 percent or more of agency developed inclusionary units must be made available to very-low income households. For non-agency developed units, the additional requirement for very-low inclusionary is 40 percent. To clarify, using a 100 unit project as an example, the 30 percent inclusionary requirement would be triggered upon an agency developing 100 market-rate units with funds other than the Low-Mod Fund. These 100 units area would obligate the agency to produce an additional 30 affordable

**Exhibits E-1 through E-14 (continued)**

units over ten years and also require the agency to ensure an additional 15 (50%) are affordable to very-low income households. For a similar non-agency developed project, the 15 percent inclusionary requirement would apply obligating the agency to produce 15 affordable units and additionally ensure that 6 (40%) are affordable to very-low income households. Information about agencies' increased inclusionary obligations from completed project area housing activities over the reporting year project is discussed in Exhibit G.

**Legislative Changes to the Inclusionary and/or Production Requirement (Section 33413(b))**

Prior to AB 1290 taking effect in 1994, all new construction and rehabilitation (minor and substantial) triggered the inclusionary requirement. AB 1290 made two changes to reduce the inclusionary requirement on non-agency developed rehabilitated units: (1) all rehabilitation was changed to substantial rehabilitation (defined as the increase in after rehabilitation value, including land, of at least 25 percent) and (2) substantially rehabilitated units was further defined as applying to all substantially rehabilitated multi-family units, whether agency assisted or not, or agency assisted substantially rehabilitated single-family units. Effective January 2002, Assembly Bill 637 (Lowenthal, Statutes of 2001) revised the law to further reduce the non-agency developed inclusionary requirement by specifying that all substantial rehabilitation (multi-family and single-family units) had to be agency assisted to trigger the inclusionary requirement. For example, under pre-AB 637, if 100 multi-family units are substantially rehabilitated in a project area, 80 without agency assistance and 20 with agency assistance, the agency would have been obligated to provide for 15 affordable units (15% of 100). Under AB 637, the agency would only have an inclusionary obligation of 3 affordable units (15% of 20). Assembly Bill 637 also amended the law to lengthen affordability periods from at least 30 years to at least 45 years for owner-occupied units and 55 years for rental units.

**Housing Assistance Meeting the Replacement Requirement (Section 33413(a))**

As with the inclusionary requirement in which agencies have an obligation to ensure or produce additional affordable housing units within a specified time (10 years), agencies have a replacement obligation (refer to Exhibit H). Agencies must replace, within four years, dwelling units affordable to low or moderate-income households that have been removed from the housing market due to a redevelopment project in which the agency has provided assistance or was involved in a contract. In addition, agencies must ensure replacement units provide at least as many bedrooms as were included in the units removed and that replacement units be comparable in affordability to units removed that triggered the replacement requirement. Activity reported as meeting agencies' replacement obligations total 2,130. Activities include New Construction (1,907 at Exhibit E-1), Rehabilitation-Pre 1994 (87 at Exhibit E-2) and Substantial Rehabilitation-Post 1993 (117 at Exhibit E-3).

Many agencies "double count" construction and substantial rehabilitation activity and report the same unit as meeting both a replacement and inclusionary obligation. Agencies have been informed that doing so is contrary to the department's interpretation of redevelopment law.

**Exhibits E-1 through E-14 (continued)****Other Housing Assistance**

Various other types of housing assistance benefiting 12,384 households covers all the remaining activities not reported as satisfying agencies' inclusionary (4,908) or replacement requirements (2,130). These various activities include non-inclusionary construction (2,256) reported in Exhibit E-1, non-inclusionary rehabilitation (3,960) contained in exhibits E-5 and E-6, subsidies (954) reported in Exhibit E-11, acquisitions and preservation of units with Low-Mod Funds (1,614) reported in Exhibit E-7 and E 10, assisting mobilehome and park residents (1,180) reported in Exhibits E-8 and E-9, and undefined other (2,420) reported in Exhibit E-12. Regarding using funds other than an agency's Low-Mod Fund, one agency reported in Exhibit E-13 replacing preservation units (101) with other funds. No agencies reported replacing rental units (E-14) using funds other than the Low-Mod Fund.